

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1997-57-E - ORDER NO. 2004-545
OCTOBER 28, 2004

IN RE: Application of Progress Energy Carolinas,)	ORDER ADDRESSING
Inc. to Extend the Availability of Large)	SCHEDULE LGS-RTP
General Service (Experimental-Real Time)	
Pricing) Schedule LGS-RTP.)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of Progress Energy Carolinas, Inc (PEC or the Company) to extend the availability of Large General Service (Experimental-Real Time Pricing) Schedule LGS-RTP. This Schedule was originally approved in Order No. 97-130 dated February 18, 1997 and its availability was later extended by Order No. 2000-0125 on February 4, 2000. PEC is requesting two changes to this Schedule. First, the availability of the schedule presently expires on December 31, 2004. PEC desires to continue offering this experimental tariff and requests that the Commission extend the availability to December 31, 2007. Second, the current customer limit of a combined system maximum of 25 customers in both North and South Carolina has been exceeded, therefore PEC requests that the availability of the Schedule be expanded to permit up to 15 participants in South Carolina. No other changes are sought in the Schedule.

PEC notes that the primary objective of Schedule LGS-RTP is to encourage customers to reduce consumption during hours when the cost of producing electricity is high and to increase consumption during hours with low costs. The customer's load

response to these price signals, according to the Company results in greater utilization of existing generation resources and reduces the need for new generation resources. RTP hourly rates are calculated daily and provided to each participant by no later than 4 PM on the prior business day.

Presently there are five customers receiving service under Schedule LGS-RTP in South Carolina. These customers have responded to this rate design by reducing usage during hours with relatively high hourly rates and by increasing consumption during periods with low hourly rates. Changes in consumption are measured against a Customer Baseline Load (CBL) that is created at the time the customer first receives service under the Schedule. Usage above the CBL is subject to the real time hourly rates and usage below the CBL results in a credit equal to the hourly rate. Software furnished by PEC permits each customer to read PEC's electric meters and instantaneously determine their cost for electricity. They can then undertake any actions they deem appropriate to influence their electricity costs.

PEC states that this rate design is useful to large industrial customers as a means to influence their overall cost for electricity. It also offers appropriate price signals that encourage participants to reduce usage during peak periods. With the exception of the RTP Administrative Charge, Schedule LGS-RTP will result in an equivalent bill to the comparable standard tariff if the customer's usage does not differ from historic patterns. Increased participation by PEC's customers on Schedule LGS-RTP will aid in the Company's evaluation of how various manufacturing processes can respond to hourly pricing. Extending the experiment will also afford PEC an opportunity to evaluate hourly

price development and other rate design considerations under a broader range of system operating conditions.

The Company states that its evaluation of this pricing concept will be enhanced by continuing this experiment. The Large General Service (Experimental-Real Time Pricing) Schedule LGS-RTP-6 has been revised to extend the availability to December 31, 2007 and provide for a maximum number of 15 participants in South Carolina. No further changes to the tariff are requested.

We would note that S.C. Code Ann. Section 58-27-870(F)(Supp. 2003) states that the Commission may allow rates or tariffs to be put into effect without notice and hearing upon order of the Commission when such rates or tariffs do not require a determination of the entire rate structure and overall rate of return. We believe that this also applies to changes to existing rates or tariffs. We have evaluated the proposed changes in Schedule LGS-RTP in light of the discussions presented by PEC, and believe that the changes should be approved as filed. Certainly the extension of the availability of the Schedule to December 31, 2007 and the change in the maximum number of participants to 15 are reasonable proposals in that they allow for continuing evaluation of this pricing concept. Accordingly, the request is granted as filed. The Company shall provide 10 copies of the revised schedule to the Commission within 10 days of receipt of this Order.

(SEAL)